

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-11 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02
SS-15 STR-06 TRSE-00 ACDA-12 /113 W
-----059124 271651Z /43

R 271250Z JAN 78
FM AMEMBASSY MBABANE
TO SECSTATE WASHDC 3800
INFO AMCONSUL CAPETOWN
AMCONSUL DURBAN
AMEMBASSY GABORONE
AMCONSUL JOHANNESBURG
AMEMBASSY MAPUTO
AMEMBASSY MASERU
AMEMBASSY PRETORIA

C O N F I D E N T I A L MBABANE 0333

CAPE TOWN FOR EMBASSY

E.O. 11652: GDS
TAGS: ENRG, WZ
SUBJECT: OIL REFINERY IN SWAZILAND

REF: A. MBABANE 0160; B. 77 MBABANE 3601, C. 77 MBABANE 3309

1. GOS ANNOUNCED JANUARY 26 THAT TIM ZWANE, PERMSEC OF MINISTRY OF INDUSTRY, MINES AND TOURISM WILL VISIT MAPUTO THIS WEEK TO DISCUSS AN OIL REFINERY FOR SWAZILAND. EMBOFF CHECKED TO MAKE CERTAIN THAT ZWANE WAS NOT GOING TO DISCUSS RESISCITATING THE UNUSED MAPUTO REFINERY AND, INDEED, HE IS GOING TO DISCUSS OIL REFINERY FOR SWAZILAND.

2. EMBOFF HAS LEARNED ADDITIONAL INFORMATION CONCERNING THE DECEMBER 13 MEETING CHAIRED BY ZWANE FOR LOCAL AND CONFIDENTIAL

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SOUTH AFRICAN REPRESENTATIVES OF OIL FIRMS OPERATING IN SWAZILAND. MANAGING DIRECTOR OF SHELL (SWAZILAND) CONFIRMED INFORMATION REPORTED IN REF A AND ADDED MORE.

A. FIRT THE GOOD NEWS. SHELL OIL, ALONG WITH ALL OTHER OIL FIRMS PRESENT, STRONGLY ADVISED

AGAINST BUILDING A REFINERY IN SWAZILAND FOR SAME REASONS OUTLINED IN REF B (ECONOMICALLY UNVIALE, ENORMOUSLY EXPENSIVE, UNNECESSARY, STATE OF RELATIONS WITH MOZAMBIQUE).

B. SHELL SUGGESTED THAT IF GOS WAS REALLY INTERESTED IN DEVELOPING REFINERY CAPACITY, THEY SHOULD WORK WITH MOZAMBIQUE TO BRING THE UNUSED REFINERY IN MAPUTO INTO OPERATION. COMMENT: ZWANE INSISTED DOGMATICALLY THROUGHOUT MEETING THAT RELATIONS WITH MOZAMBIQUE ARE GOOD AND GOS HAS NO FEARS ABOUT USE OF MAPUTO HARBOR. OF COURSE, THIS LEADS ONE TO QUESTION WHY GOS IS BUILDING A RAIL LINK TO GAIN ACCESS TO RICHARDS BAY IN SOUTH AFRICA. END COMMENT.

C. SOWAZI CONFIRMED REPORT THAT SHELL ALONG WITH MOBIL, CALTEX AND BP, WOULD BE WILLING AND ABLE TO DIVERT POL PRODUCTS TO MAPUTO IF AN OIL EMBARGO WAS BEGUN AGAINST SOUTH AFRICA. COMMENT: SOWAZI POINTED OUT SOME RELATIVELY MINOR PROBLEMS THIS WOULD ENTAIL. A GREATER STORAGE CAPACITY WOULD HAVE TO BE BUILT IN MAPUTO AND SWAZILAND SINCE SHIPMENTS WOULD ARRIVE AT LONGER INTERVALS THAN WHEN SOUTH AFRICA WAS SUPPLYING THE POL PRODUCTS. ALSO THE HARBOR FACILITIES AT MAPUTO WERE DESIGNED TO HANDLE THE SMALLER SOUTH AFRICAN COASTAL TANKERS AND THEY PROBABLY WOULD NOT BE ABLE TO HANDLE SOME OF THE

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LARGER OCEAN-GOING TANKERS. HOWEVER, HE SATED THAT THE OVERALL DISRUPTION TO THE SWAZILAND ECONOMY WOULD BE MINIMAL. END COMMENT.

D. NOW FOR THE BAD NEWS: DESPITE THE OVERWHELMING REASONS WHY SWAZILAND SHOULD NOT BUILD A REFINERY, ZWANE APPARENTLY IS NOT READY TO CONCEDE DEFEAT. HE CLAIMS TO HAVE AN EEC FEASIBILITY STUDY SHOWING THAT AN OIL REFINERY IN SWAZILAND WOULD BE VIALE. HOWEVER, HE REFUSED TO LET ANYONE SEE IT. (THE EEC REPORT HAS BEEN RUMORED TO EXIST FOR SOME TIME AND WAS UNDOUBTEDLY ARRANGED FOR BY ZWANE, WHO IS ALSO SWAZILAND'S AMBASSADOR TO THE EEC.)

3. COMMENT: IN ZWANE'S DOGMATIC INSISTENCE ON "GOOD" RELATIONS WITH MOZAMBIQUE, AND INABILITY TO ACCEPT NEGATIVE RESPONSE ON BUILDING OF REFINERY, THE SHADOW OF MINISTER OF INDUSTRY, MINES AND TOURISM S.S. NXUMALO, LOOMS LARGE. IT WAS NXUMALO WHO RECENTLY SIGNED A TRADE AGREEMENT WITH MAPUTO AND IS THE MOST ACTIVE PROPONENT OF IMPROVING RELATIONS WITH MARXIST MOZAMBIQUE. NXUMALO, WHO IS

CONSTANTLY TRYING TO EXPAND HIS BUREAUCRATIC EMPIRE,
CAN BE FANATICAL IN PUSHING FOR NEW INDUSTRIAL PROJECTS
FOR SWAZILAND, NO MATTER HOW UNREALISTIC THEY MAY
APPEAR.
WACHOB

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